

0528:

Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)

This modification identifies arrangements relating to Supply Point classification, energy settlement & reconciliation and other 'core' provisions to enable an orderly and efficient transition from current UNC arrangements to the UNC regime identified within UNC Modification 0432 - Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform










The Proposer recommends that this modification should be:

- assessed by a Workgroup



High Impact: Large Transporters and Shipper Users



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About this document:		
This modification will be presented by the proposer to the panel on 19 February 2015.		
The panel will consider the proposer’s recommendation and agree whether this modification should be:		
<ul style="list-style-type: none">referred to a workgroup for assessment.		
The Proposer recommends the following timetable:		
Initial consideration by Workgroup	10 March 2015	
Amended Modification considered by Workgroup	n/a	
Workgroup Report presented to Panel	18 June 2015	
Draft Modification Report issued for consultation	18 June 2015	
Consultation Close-out for representations	09 July 2015	
Final Modification Report published for Panel	10 July 2015	
UNC Modification Panel decision	16 July 2015	
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1 Summary

Is this a Self-Governance Modification?

Self-Governance procedures are not requested as this modification is expected to have a material impact on existing gas consumers.

Is this a Fast Track Self-Governance Modification?

Fast track procedures are not requested for the reasons described above.

Why Change?

UNC Modification 0432 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform' will be implemented on 1st October 2015. To enable a smooth and efficient transition it is necessary to set out terms within the UNC Transition Document which clarify how data is treated during the period leading up to and during UK-Link replacement 'cut over'.

Solution

Modification of the UNC is required to set out the arrangements necessary to migrate from the existing UNC Supply Point Administration (SPA), gas allocation and settlement regime to the enduring terms to be implemented under UNC Modification 0432. The relevant business rules are contained in baseline Version [x] of the Transition Business Rules document produced by the Transporter agency Xoserve. There are no implementation costs.

Relevant Objectives

This modification would enable a smooth, orderly and efficient transition from the existing UNC SPA, gas allocation and settlement arrangements to those identified under the proposed 'Project Nexus' regime and due for implementation on 01 October 2015. This can therefore be expected to better facilitate Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code and relevant objective d) Securing of effective competition between Shippers.

Implementation

No implementation timescales are proposed. However, this modification could be implemented immediately upon direction and it would be desirable if this modification were implemented by 02 July 2015 to add certainty to the transition process.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification impacts the industry programme for replacement of UK-Link systems. This is because the requirements contained within this modification govern how relevant data is treated during the implementation period (see Section 6 of this Proposal).

It is essential to the success of the UK Link Replacement Programme.

2 Why Change?

UNC Modification 0432 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform' has been approved by Ofgem and is planned for implementation on 01 October 2015. Closely associated with this is implementation of the relevant systems and process changes by the Transporter Agency, Xoserve within the remit of the 'UK-Link Replacement' programme.

Modification 0432 comprehensively identifies the enduring arrangements concerned with settlement reform. However, at all stages of development of the proposed regime, it was recognised by the industry that 'transition' arrangements under the UNC would be required. The reason for this is that the 0432 arrangements differ markedly from the present framework. Examples of this are Supply Point classification, Smaller Supply Point (SSP) reconciliation and treatment of Unidentified Gas.

On this basis, while it is in principle possible to implement an enduring framework in the absence of transitional terms the consequences of such are that significant uncertainty on treatment of relevant data, particularly by Xoserve, during the period of implementation or 'cut over' would arise. This would have a consequential and detrimental financial effect on Shipper Users.

It should be noted that this modification does not address the transitional requirements concerned with application of the Annual Quantity (AQ) 'backstop' calculation Meter Reading, which is subject to a separate modification. However, general provisions regarding AQ transition are within scope of this modification.

Note: this modification is one of a suite of 3 'complementary' modifications, the others being associated with Annual Quantity (AQ) 'backstop' and Retrospective Adjustment.

3 Solution

Modification of the UNC is required to reflect relevant changes as set out in the document 'Transition Business Rules (BR) for Project Nexus' [V x] prepared by the Transporter Agency, Xoserve

The following requirement categories have been identified:

- Offtake Reconciliation; definition of the transition from aggregate reconciliation to Individual Meter Point Reconciliation - BR Reference 7.4
- Unidentified Gas Reconciliation - BR Reference 7.4
- Supply Point classification; rules for moving Supply Points from existing DM/NDM definitions to classes 1 - 4 - BR reference 7.1
- Supply Point Administration; treatment and effect of Nominations, Offers, Confirmations and other revisions to the Supply Point Register - BR reference 7.2
- Annual Quantity – BR Reference 7.6 & 7.7
- Meter Reading; treatment includes 'cyclic' Reading, Daily Reading, Opening Meter Readings including validation – BR Reference 7.11
- Gas nomination and allocations – BR Reference 7.8

In addition to the above, changes are required as follows:

- General clarification of the distinction and demarcation between relevant provisions appertaining to pre-implementation and post-implementation of Project Nexus (old and new rules)

- To enable UK-Link implementation, to cater for systems availability requirements, non-effective days are required.
- To remove the need for an Allocation of Unidentified Gas Expert (AUGE) to be appointed for the Gas Year 2016/17 and for an AUG Statement/table to be produced
- Demand models and EUCs; treatment of relevant data (e.g. CWV,ALP, DAF, etc)
- Code Communications – clarification of circumstances for submission under old and new rules

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	Costs arising from the UK Link replacement and including enhancements to the existing UNC regime have been considered when price controls were set and funding provided. On this basis, no User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	Not applicable
Proposed charge(s) for application of User Pays charges to Shippers.	Not applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	Not applicable

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to	None

secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

This modification is required to provide clear rules and guidance to Transporters and Shipper Users on the treatment of data existing and provided under the UNC before and during implementation of UK-Link Replacement (including Project Nexus). The measures identified can be expected to facilitate relevant objective f) 'Promotion of efficiency in the implementation and administration of the Code.

The consequences of failure to implement this modification are that there would be a detrimental effect on competition through inaccurate cost targeting on by Shipper Users, which in turn would have an adverse financial effect on consumers. This modification therefore also facilitates relevant objective d) Securing of effective competition between Shipper Users.

5 Implementation

No implementation timescales are proposed. However, this modification could be implemented immediately upon direction and it would be desirable if this modification were implemented by 02 July 2015 to add certainty to the transition process.

6 Impacts

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification is essential to the implementation of the UK Link Replacement programme (which incorporates the changes required for 'Project Nexus'). The rationale for this is explained below.

Pre Project Nexus Implementation

The changes will affect the UK Link Replacement programme prior to implementation. This is because it is necessary to determine for the purposes of systems build how relevant data (including AQ, Meter Readings, etc) concerned with energy allocation, settlement and reconciliation is to be processed.

Project Nexus Implementation

In addition to the above, it is also essential that clarity is forthcoming regarding the application of 'non-effective days for systems 'cut over'.

Post Project Nexus Implementation

This modification contains transitional terms and the obligations, which will expire over time.

7 Legal Text

Text

Suggested Legal Text is provided below.

NEXUS TRANSITION - INDICATIVE LEGAL TEXT
UNIFORM NETWORK CODE – TRANSITION DOCUMENT
PART IIE – NEXUS IMPLEMENTATION
CORE TRANSITION MODIFICATION (0432)

Notes:

This indicative legal text is for the 'core' Nexus transition modification. Separate modifications are being proposed for transitional AQ back-stop and 0434 transition.

This is preliminary and indicative text, prepared to illustrate the core modification, and is subject to amendment and additional text being added.

Delete text at Transition Document Part IIC paragraphs 1.7.13 and 1.7.14 (i.e. Modification 0514 standalone text) and delete text at Transition Document Part IIC paragraphs 18 (i.e. Modification 0515 standalone text).

Insert the following text as new TD Part IIE to read as follows:

1 General

1.1 General

1.1.1 This Part IIE sets out transitional rules in respect of the provisions of the [Code] [Transportation Principal Document] modified by the Nexus Modifications.

1.1.2 For the purposes of this Part IIE:

- (a) **Nexus Modifications** means the Code Modifications referred to as Modifications 0432, 0434, [/], to be implemented with effect from the Nexus Implementation Date;
- (b) in relation to any matter provided for in the Code to which the Nexus Modifications relate:
 - (i) **Old Rules** means the provisions of the Code as they apply prior to the Nexus Modifications;
 - (ii) **New Rules** means the provisions of the Code as they apply following the Nexus Modifications;
- (c) **Implementation Date** means the Nexus Implementation Date;
- (d) **Last Pre-Nexus Day** means the Day before the Nexus Implementation Date.

1.1.3 The New Rules shall come into force before the Implementation Date, and the Old Rules shall remain in force on and after the Implementation Date, to the extent necessary to give effect to any provision of this Part IIE.

1.1.4 Except as provided in this Part IIE, where this Part IIE provides for the basis on which particular New Rules become effective, the corresponding Old Rules shall cease to be effective on the same basis.

1.2 Section references and defined terms

1.2.1 In this Part IIE:

- (a) unless otherwise provided, a reference:
 - (i) to a particular paragraph is to a paragraph of this Part IIE;
 - (ii) to a particular Section is to a Section of the Transportation Principal Document;
- (b) a reference to a Section is to a Section under the New Rules unless expressly provided to be a reference under the Old Rules;
- (c) a reference to an **OR** Section is to a Section under the Old Rules.

1.2.2 In this Part IIE, unless the context otherwise requires or this Part IIE otherwise provides, a defined term:

- (a) which is defined only under the New Rules, has the meaning under the New Rules;
- (b) which is defined only under the Old Rules, has the meaning under the Old Rules;
- (c) which is defined under both the New Rules and the Old Rules:
 - (i) has the meaning under the New Rules when used (as the context may require) with reference to the New Rules or in relation to a Day or other period on or after the Implementation Date;
 - (ii) has the meaning under the Old Rules when used (as the context may require) with reference to the New Rules or in relation to a Day or other period before the Implementation Date.

1.2.3 In the Transportation Principal Document under the New Rules, where a defined term which was also a defined term under the Old Rules is used in relation to a Day or other period before the Implementation Date, the term has the meaning under the Old Rules unless the context otherwise requires or this Part IIE otherwise provides.

1.2.4 [/]

1.3 Implementation and UK Link

[This section will provide for 'non-effective days'.]

1.4 Gas Flow Day basis of modification

1.4.1 Where under this Part IIE any provision of the New Rules is to be effective from the Implementation Date on a **Gas Flow Day basis**:

- (a) such provision shall be effective in respect of gas flows (and related activities under the Code including the holding of System Capacity, the making of Nominations, and the allocation of quantities as UDQIs and UDQOs) on Days on and from the Implementation Date;

and accordingly

- (b) in relation to anything which (under the Code) may be done or is to be done before the Gas Flow Day, the New Rules shall apply before the Implementation Date in relation to Gas Flow Days on and after the Implementation Date;
- (c) in relation to anything which (under the Code) may be done or is to be done after the Gas Flow Day, the Old Rules shall apply on and after the Implementation Date in relation to Gas Flow Days before the Implementation Date.

1.5 General transition rules

1.5.1 Except as otherwise provided in this Part IIE, where any relevant condition or requirement is satisfied or relevant attribute applies (under the Old Rules) in relation to a Supply Meter Point or Supply Point on the Last Pre-Nexus Day, the relevant condition or requirement shall be treated as satisfied or relevant attribute as applying (under the New Rules) on and with effect from the Implementation Date.

1.5.2 For the purposes of paragraph [1.5.1] a relevant condition or requirement or relevant attribute is a condition or requirement applying to Supply Meter Points or Supply Points under the Old Rules which also applies under the New Rules.

2 Section C

The New Rules in the following provisions of Section C are effective from the Implementation Date on a Gas Flow Day basis:

- (a) Section C1.5 (Forecast User LDZ Unidentified Gas);
- (b) Section C2.2.6 (deemed NDM Output Nominations).

3 Section E

3.1 Gas Flow Day basis

3.1.1 The New Rules in the following provisions of Section E are effective from the Implementation Date on a Gas Flow Day basis:

- (a) Section E1.1.6 (User LDZ Unidentified Gas);
 - (b) Section E1.6 (information);
 - (c) Section 5.1.1 (Daily Imbalance).
- 3.2 Offtake reconciliation
- 3.2.1 Offtake Reconciliation will be carried out (in accordance with and subject to the New Rules):
- (a) in relation to Supply Meter Points which (under the Old Rules) were Individually Reconciled, in respect of each Valid Meter Reading submitted by a User on or after the Implementation Date, including Valid Meter Readings for Read Dates before the Implementation Date;
 - (b) in relation to Supply Meter Points which (under the Old Rules) were not Individually Reconciled, in respect of each Valid Meter Reading for a Read Date which is on or after the Implementation Date.
- 3.2.2 Accordingly DM Reconciliation, Individual CSEP Reconciliation and Individual NDM Reconciliation under the Old Rules will not be carried out in respect of any Meter Reading submitted on or after the Implementation Date.
- 3.2.3 For the purposes of this Part IIE:
- (a) Transitional Offtake Reconciliation means an Offtake Reconciliation where the Reconciliation Metered Period starts before the Implementation Date and ends on or after the Implementation Date;
 - (b) in relation to any **Transitional Offtake Reconciliation**:
 - (i) **First Period** means that part of the Reconciliation Metered Period which ends on the Last Pre-Nexus Day;
 - (ii) **Second Period** means that part of the Reconciliation Metered Period which starts on the Implementation Date;
 - (c) a System Exit Point was **Individually-Reconciled** where (under the Old Rules, in the First Period) it was of a kind which was subject to Individual Reconciliation.
- 3.2.4 For the purposes of any Transitional Offtake Reconciliation, where the System Exit Point was Individually-Reconciled:
- (a) Offtake Reconciliation shall be carried out (under the New Rules) in respect of the entire Reconciliation Metered Period, and accordingly the Reconciliation Quantity, Reconciliation Clearing Value and Prevailing Metered Volume shall be calculated under the New Rules on the basis of the sum (in Sections E1.3.4(a), E6.2.3(b) and E6.2.5) over all Days in the Reconciliation Metered Period;

- (b) for the purposes of Unidentified Gas Reconciliation (under the New Rules) and Aggregate NDM Reconciliation (under the Old Rules), the Reconciliation Quantity and Reconciliation Clearing Value shall be divided into two parts:
 - (i) the first part (**First Period RQ** and **First Period RCV**) calculated in accordance with Sections E1.3.4(a) and E6.2.5 on the basis of the sum over Days in the First Period;
 - (ii) the second part (**Second Period RQ** and **Second Period RCV**) calculated in accordance with Sections E1.3.4(a) and E6.2.5 on the basis of the sum over Days in the Second Period.

3.2.5 Where the System Exit Point was not Individually-Reconciled, Offtake Reconciliation shall be carried out (under the New Rules) in respect of the Second Period only, and accordingly the Reconciliation Clearing Value and Prevailing Metered Volume shall be calculated on the basis of the sum (in Sections E6.2.3(b) and E6.2.5) over Days in the Second Period.

3.2.6 The New Rules in Section E6.6 (Shared Supply Meter Points) apply in respect of each Offtake Reconciliation carried out on or after the Implementation Date.

3.3 Unidentified Gas Reconciliation under the New Rules

3.3.1 For the purposes of Unidentified Gas Reconciliation, for each Reconciliation Billing Period which [falls] within the first 12 months from the Implementation Date, the Unidentified Gas Reconciliation Period shall be the period starting on the Implementation Date and ending on the last Day of the Reconciliation Billing Period (and Section E7.1.2(a) is modified accordingly).

3.3.2 For the purposes of Unidentified Gas Reconciliation, in relation to any System Exit Point for which Transitional Offtake Reconciliation was undertaken in the Reconciliation Billing Period, only the Second Period RQ and Second Period RCV shall be taken into account in calculating the Aggregate Reconciliation Quantity and Aggregate Reconciliation Clearing Value (and Section E7.1.2(a) is modified accordingly).

3.4 Aggregate NDM Reconciliation under the Old Rules

3.4.1 Aggregate NDM Reconciliation under the Old Rules shall continue to be carried out following the Implementation Date, in respect of Offtake Reconciliations relating to Individually-Reconciled System Exit Points, where the first Day of the Reconciliation Metered Period is before the Implementation Date, in accordance with this paragraph [3.4].

3.4.2 For the purposes of such Aggregate NDM Reconciliation in any Reconciliation Billing Period after the Implementation Date:

- (a) the Aggregate Reconciliation Quantity and Aggregate Reconciliation Clearing Value (under OR Section G7.2.2(a)) shall be calculated using, in the case of an Individually-Reconciled System Exit Point for which Transitional Offtake Reconciliation was carried out in the Reconciliation Billing Period, the First Period RQ and First Period RCV; and the Aggregate Reconciliation Transportation Charge Adjustments shall be determined accordingly;

- (b) all System Exit Points shall be treated as comprising a single Individual Reconciliation Sector for which the Aggregate Reconciliation Period is the period:
 - (i) starting on the first Day of the first month in the period of 12 months ending with (and including) the Reconciliation Billing Period, and
 - (ii) ending on the Last Pre-Nexus Day;(and the distinctions in Section G7 between Monthly Individual Reconciliation, [LDZ Reconciliation], Annual Individual Reconciliation and DM Check Individual Reconciliation are to be disregarded);
- (c) for the purposes of calculating User SP LDZ Aggregate AQ, in relation to Days in the Aggregate Reconciliation Period on or after the Implementation Date, for each Smaller Supply Point the Annual Quantity under the New Rules shall be used.

3.5 Suppressed Reconciliation

3.5.1 Any Suppressed Reconciliation Value which remains Suppressed on the Last Pre-Nexus Day shall continue to be Investigated following the Implementation Date under the Old Rules, subject to the further provisions of this paragraph 3.5.

3.5.2 For the purposes of this paragraph 3.5:

- (a) OR Sections E8.2 and 8.3 shall not apply;
- (b) **"User Resolution Deadline"** and **"Transporter Resolution Deadline"** mean respectively, the date falling six (6) and twelve (12) months after the Implementation Date.

3.5.3 Where a User Suppressed Reconciliation Value remains Suppressed on the User Resolution Deadline the Transporter will commence an investigation of the User Suppressed Reconciliation Value in accordance with OR Section E8.4.1.

3.5.4 Where following Investigation by the Transporter a User Suppressed Reconciliation Value:

- (a) ceases to be Suppressed, for the purposes of OR Section E8.4.5(a) the relevant Invoice Items shall be included in a Reconciliation Invoice submitted by the Transporter within two (2) months of the Transporter Resolution Deadline;
- (b) remains Suppressed on the Transporter Resolution Deadline, the Transporter shall make the determination referred to in OR Section E8.4.5(b) and the Suppressed Reconciliation Value shall not be used for any purpose.

3.5.5 [For the purposes of OR Section G8.4.4 the provisions of TPD Section M4.1 shall apply in respect of any changes identified following the Investigation.]

3.6 AUG

- 3.6.1 The Old Rules in OR Section G10 for the calculation and payment of User Unidentified Gas Amounts shall operate in respect of Reconciliation Billing Periods up to and including but not after the Reconciliation Billing Period ending on the Last Pre-Nexus Day; and such rules shall cease to be effective thereafter.
- 3.6.2 For the avoidance of doubt, the AUG Table established (under OR Section G10) for the AUG Year commencing 1 April 2015 has no effect after the Last Pre-Nexus Day.
- 3.6.3 The Old Rules in OR Section G10 for the establishment of an AUG Methodology and AUG Table for an AUG Year shall not apply in respect of the AUG Year which (under the Old Rules) would start on 1 April 2016 (or any subsequent year); and the Transporters shall not be required to do (or to have done) anything which (under the Old Rules) they would be required to do in relation to that AUG Year.

4 Section F

4.1 General

- 4.1.1 The New Rules under Section F shall be effective, and the Old Rules under Section F shall cease to be effective, on the same basis as the New Rules and Old Rules under Section E become and cease to be effective (and so as to give effect to System Clearing Contracts by reference to the New Rules and Old Rules under Section E as so effective).

4.2 Reconciliation Neutrality

- 4.2.1 It is acknowledged for the avoidance of doubt that the provisions of OR Section F6 ceased to be effective prior to the Nexus Modifications.

5 Section G

5.1 General

- 5.1.1 No Code Communication under Section G may be submitted by a User or will be submitted by a Transporter under the New Rules on a Day before the Implementation Date.
- 5.1.2 Except as provided in this Part IIE, no Code Communication under Section G may be submitted by a User or will be submitted by a Transporter under the Old Rules on or after the Implementation Date.
- 5.1.3 Except as provided in this Part IIE, where:
- (a) before the Implementation Date a User or Transporter has submitted a Code Communication under Section G under the Old Rules, and
 - (b) the process (under the Old Rules) initiated by such Code Communication, or to which such Code Communication otherwise relates, has not been completed before the Implementation Date, then (irrespective of whether the process was not completed as a

result of any delay by the Transporter or a User), with effect from the Implementation Date such process shall lapse and the Code Communication shall be of no effect, unless:

- (c) the same process or an equivalent process exists under the New Rules, and
- (d) the Code Communication contains the data which would be required under the New Rules and is otherwise capable of applying for the purposes of the New Rules; in which case such Code Communication shall be effective for the purposes of the New Rules.

5.2 Classes of Supply Point

5.2.1 On and with effect from the Implementation Date each Supply Point shall be classified as follows:

- (a) where on the Last Pre-Nexus Day the Supply Point was a DM Supply Point pursuant to OR Section G1.5.1(b)(i), the Supply Point shall be in Class 1;
- (b) where on the Last Pre-Nexus Day the Supply Point was a DM Supply Point pursuant to OR Section G1.5.1(b)(ii), the Supply Point shall be in Class 2;
- (c) in all other cases the Supply Point shall be in Class 4, [subject to paragraph [5.2.2]]; and such classification shall be automatic without any requirement for a User to do anything (pursuant to Section G1.11 or otherwise) to give effect to such change.

5.2.2 In respect of each Supply Point which is the subject of an election under OR Section G1.5.6 on the Last Pre-Nexus Day:

- (a) with effect from the Implementation Date, the Supply Point shall be in Class 1;
- (b) unless by the date falling six (6) months after the Implementation Date ("**relevant date**") the Supply Point:
 - (i) becomes in Class 1 because the Class 1 Requirement applies; or
 - (ii) is re-classified as Class 2, 3 or 4 pursuant to an election by the Registered User, the Supply Point shall be re-classified in Class 4 with effect from a date, no later than one (1) month after the relevant date, determined by the Transporter.

5.2.3 In accordance with paragraph [5.1.1], no election as to the Class of a Supply Point may be made by a User before the Implementation Date.

5.2.4 In accordance with paragraphs 5.2.1 and 5.2.3, no Supply Meter Point may be in Class 3 except pursuant to an election made by a User on or after the Implementation Date.

5.2.5 A determination (as to whether a Supply Meter can be Daily Read) made before the Implementation Date under OR Section G1.5.4 shall be effective as a determination (as to whether the Class 1 Meter Read Requirements can be satisfied in relation to the Supply Meter) under the New Rules in Section G1.5.4.

- 5.2.6 Where to give effect to any provision of the Code or this Part IIE it is necessary to treat a Supply Point as belonging (before the Implementation Date) to a Class under the New Rules, such classification shall be on the basis in paragraph 5.2.1.
- 5.2.7 For the purposes of Section G1.6.15 under the New Rules, no preceding period (as referred to in that Section) shall start before the Implementation Date, and accordingly for the purposes of determining whether a threshold requirement is satisfied, no month ending before the Implementation Date may be counted as an AQ Calculation Month.
- 5.2.8 The restriction (on changing Class or meter reading elections) in Section G1.11.3(a) of the New Rules first applies in relation to a Supply Meter Point following the first change in Class or meter reading election for such Supply Meter Point on or after the Implementation Date.

5.3 Annual Quantity with effect from Nexus Implementation Date

- 5.3.1 Except as provided in this paragraph 5.3, the provisions of the Old Rules shall apply, up to but not after [14 September 2015], for the purposes of determining the Annual Quantity of each Supply Meter Point which would (under the Old Rules) apply for the Gas Year 2015/16.
- 5.3.2 With effect on and from the Implementation Date, the Annual Quantity of each Supply Meter Point shall be the Annual Quantity determined (as provided in paragraph 5.3.1) under OR Sections G1.6.2 to 1.6.7, and as notified by the Transporter under OR Section G1.6.12), until such time as a different Annual Quantity applies pursuant to the New Rules (as they apply pursuant to paragraph [5.4] below).
- 5.3.3 For the avoidance of doubt a User may not appeal under OR Section G1.6.13 the Annual Quantity determined (as provided in paragraph [5.3.2]) for the Nexus Implementation Date.
- 5.3.4 A User may not, after 31 July 2015, give a notification of appeal under OR Section G1.6.13(a) or (b) in respect of the Annual Quantity for a Supply Meter Point for the Gas Year 2014/15.
- 5.3.5 Where a User gave notification of such an appeal in respect of a Supply Meter Point on or before 31 July 2015, and for any reason of the processes set out in OR Section G1.5.13 have not been completed (and the Annual Quantity for such Supply Meter Point has not been substituted under OR Section G1.6.13(d)) by 31 August 2015, the notification of such appeal and the appeals process shall lapse and be of no effect.

5.4 Annual Quantities determined under New Rules

- 5.4.1 For the purposes of calculating the Annual Quantity of a Supply Meter Point under the New Rules:
- (a) no Pre-Nexus Meter Reading shall be an AQ Closing Read for the purposes of Section G1.6.7(a);
 - (b) a Qualifying Pre-Nexus Meter Reading will be treated as a Valid Meter Reading for the purposes of determining AQ Opening Readings under Section G1.6.7(b), but subject to paragraph 5.4.2.

- 5.4.2 Where a quantity is calculated (under the New Rules), as the Annual Quantity of a Supply Meter Point, on the basis of a Qualifying Pre-Nexus Meter Reading as the AQ Opening Reading:
- (a) the quantity so calculated will be subject to validation by the Transporter under the Nexus Transitional AQ Validation Rules;
 - (b) if the quantity fails such validation, such quantity will not apply as the Annual Quantity and the prevailing Annual Quantity of the Supply Meter Point shall be unchanged.
- 5.4.3 For the purposes of this paragraph 5.4:
- (a) a **Pre-Nexus Meter Reading** is a Meter Reading with a Read Date before the Nexus Implementation Date;
 - (b) a Pre-Nexus Meter Reading is **Qualifying** where it was a Valid Meter Reading under (and as defined in) the Old Rules;
 - (c) the **Nexus Transitional AQ Validation Rules** are the rules contained in the document so entitled dated [] and issued by the Transporters as a UNC Related Document, as such document may be amended in accordance with TPD Section V12.
- 5.4.4 In accordance with paragraphs 5.4.1 to 5.4.3:
- (a) the calculation of Annual Quantities under the New Rules will commence in October 2015 (as the first AQ Calculation Month);
 - (b) the first AQ Read Submission Period shall be a short period starting 1 October 2015 and ending 10 October 2015;
 - (c) the earliest Day from which such an Annual Quantity may apply is 1 November 2015.
- 5.4.5 A User may (under the New Rules in Section G1.6.20 to G1.6.26) request a change in an Annual Quantity determined and applying under the New Rules, but not an Annual Quantity applying pursuant to paragraph 5.3.
- 5.5 Supply Point Administration**
- 5.5.1 A Supply Point Enquiry submitted (under the New Rules) on or after the Implementation Date may specify a relevant consumption period which commences before the Implementation Date (subject to Section G1.17.4(a)).
- 5.5.2 Where before the Implementation Date:
- (a) a User has submitted a Supply Point Nomination, or
 - (b) a Transporter has submitted a Supply Point Offer to a User in respect of a Supply Point, and the Transporter has not submitted a Supply Point Offer or (as the case may be) the User has not submitted a Supply Point Confirmation before

the Implementation Date, such Supply Point Nomination or Supply Point Offer shall lapse and be of no effect.

- 5.5.3 Paragraph 5.5.2 applies whether or not (in a case within paragraph 5.5.2(a)) the Transporter has given a referral notice under Section G2.3.8 to the User; and in a case where a referral notice was given, where the Supply Point Nomination lapses the assessment by the Transporter of the feasibility of making gas available for offtake will be discontinued.
- 5.5.4 Where before the Implementation Date a User has submitted a Supply Point Confirmation in respect of a Supply Point for a Proposed Supply Point Registration Date on or after the Implementation Date, the Supply Point Confirmation shall be effective for the purposes of (and subject to) the New Rules on the basis that the Class for which the Supply Point is Nominated is determined in accordance with paragraph [5.2.1].
- 5.5.5 Paragraph 5.5.4 applies whether or not there was, at the time of submission of the Supply Point Confirmation, an appeal (as referred to in paragraph [5.4.5]) in respect of the Annual Quantity of the Supply Point which lapses pursuant to paragraph 5.4.5.
- 5.5.6 Subject to paragraphs 5.5.7 and 5.5.8, where before the Implementation Date a User notified a revision of the Supply Point Register (as contemplated by OR Annex G-1), and such revision was not made before the Implementation Date, then such notification shall be effective as notice of a Supply Point Amendment under (and subject to) the New Rules.
- 5.5.7 Paragraph 5.5.6 does not apply to revisions of the Supply Point Register under OR Annex G-1 paragraphs 1(vi), (viii) or (ix), and any notification of such revision shall lapse and be of no effect if the revision was not made before the Implementation Date.
- 5.5.8 Paragraph 5.5.6 does not apply to a Capacity Revision Application where:
- (a) it was necessary (as provided in Section G5.5.4) to assess the feasibility of making gas available for offtake, and
 - (b) the Transporter's response (as provided in Section G5.1.10) was not provided before the Implementation Date;
- and in such a case the Capacity Revision Application shall lapse and be of no effect upon the Implementation Date.
- 5.5.9 [Code Communications of the following kinds under Section G will (in accordance with paragraph [5.1.3]), if submitted (under the Old Rules) before and outstanding at the Implementation Date, be effective under (and subject to) the New Rules:
- (a) Supply Point Enquiries;
 - (b) Supply Point Objections;
 - (c) [/].

5.6 [Retrospective adjustment]

6 Section H

6.1 Demand Models and EUCs

- 6.1.1 The New Rules in Section H1 (including the procedures in Sections H1.7, H1.8 and H1.9) shall apply for the purposes of determining Demand Models and End User Categories for the Gas Year starting 1 October 2015 (and any other matter which is to be determined for such Gas Year).
- 6.1.2 In accordance with paragraphs [6.1.1] the Demand Models, End User Categories, and values of Composite Weather Variable, ALP, DAF and EUC peak load factor applying on and with effect from the Implementation Date shall be those determined under the New Rules to apply with effect from 1 October 2015;
- 6.1.3 Other provisions of Section H1 shall apply, with effect from the Implementation Date, so far as they are capable of so applying, in continuity of the equivalent provisions of Old Rules as they applied on the Last Pre-Nexus Day; and accordingly:
- (a) The Weather Station Substitution Methodology and Climate Change Methodology prevailing as at the Last Pre-Nexus Day shall apply on and with effect from the Implementation Date;
 - (b) for the purposes of Sections H1.4.9 and H1.6 the arrangements made by the Transporters under the Old Rules apply as from the Implementation Date;
 - (c) the Demand Estimation Sub-Committee as constituted on the Last Pre-Nexus Day shall continue so constituted on and with effect from the Implementation Date.
- 6.1.4 The initial NDM Demand Estimation Methodology is the document so entitled, published by the Transporters and dated [] (and such document is deemed approved by the Demand Estimation Sub-Committee for the purposes of Section E1.13.1).
- 6.1.5 For the purposes of Section G1.6.17 the Formula Year Annual Quantity of a Supply Point for the Formula Year starting 1 April 2016 shall be the Annual Quantity prevailing for December 2015, irrespective of whether such Annual Quantity applied pursuant to paragraph 5.3.2 or paragraph 5.4.

6.2 Supply Meter Point Demand

- 6.2.1 The New Rules in Section H2 shall apply for the purposes of determining NDM Supply Meter Point Demand and Unidentified Gas and Forecast Unidentified Gas in respect of each Day commencing with the Implementation Date, and accordingly are effective from the Implementation Date on a Gas Flow Day basis.

6.3 Annual Quantity

- 6.3.1 The New Rules in Section H3 shall apply for the purposes of determining Annual Quantity in each AQ Calculation Month in accordance with paragraph [5.4].

6.4 NDM Capacity

- 6.4.1 The New Rules in Section H4.1 (as to Supply Point Capacity in respect of NDM Supply Points) are effective from the Implementation Date on a Gas Flow Day basis, subject to paragraph 6.4.2.
- 6.4.2 For the purposes of the Code (including Section H4.1), the Formula Year Annual Quantity of each NDM Supply Point shall be revised with effect from the Implementation Date to be equal to the Annual Quantity of the NDM Supply Point applying (in accordance with paragraph 5.3) on the Implementation Date; and such revised Formula Year Annual Quantity shall apply (subject to Section H4.1.2) until the end of the Formula Year (31 March 2016).

7 Section M

7.1 General

- 7.1.1 Except as provided in this Part IIE, the New Rules in Section M are effective in respect of Meter Readings submitted to a Transporter on or after the Implementation Date, including Meter Readings for Read Dates before the Implementation Date, and accordingly the Old Rules are not effective in respect of Meter Readings which have not been submitted before the Implementation Date.
- 7.1.2 Except as provided in this Part IIE, a Meter Reading which was obtained (under any provision of the Old Rules) with a Read Date before the Implementation Date but submitted to the Transporter on or after the Implementation Date, will be counted as a Meter Reading for the purposes of the New Rules, but subject to paragraph [7.2].
- 7.1.3 Except as provided in this Part IIE, where any provision (under the New Rules) of the Code in relation to a Meter Reading operates by reference to an earlier Meter Reading, a Meter Reading which was obtained, submitted and subjected to validation before the Implementation Date and was Valid under the Old Rules will count (subject to the New Rules) as such an earlier Meter Reading (and references in Section M to Meter Reads and Meter Readings shall be construed accordingly).
- 7.1.4 Paragraph [7.1.2] applies, without limitation, in respect of any provision (under the New Rules) for Offtake Reconciliation.
- 7.1.5 The Class (under the New Rules) of a Supply Meter on the Implementation Date shall be determined (in accordance with Section M1.3.1) by reference to the Class of the Supply Meter Point pursuant to paragraph [5.2.1]; and where to give effect to any provision of the Code or this Part IIE it is necessary to treat a Supply Meter under the Old Rules as belonging (before the Implementation Date) to a Class under the New Rules, the Supply Meter shall be classified accordingly.

7.2 Validity

7.2.1 The provisions of the New Rules (in Section M5.2 and the other provisions referred to in that Section) as to whether a Meter Reading is Valid apply in respect of any Meter Reading submitted to a Transporter on or after the Implementation Date, including a Meter Reading for which the Read Date is before the Implementation Date.

7.2.2 In accordance with paragraph [7.2.1] a Meter Reading with a Read Date before the Implementation Date may be rejected as not Valid even where (under the Old Rules) it would have been Valid.

7.3 Validation Rules

7.3.1 For the purposes of Section M5.3.3 the initial Uniform Network Code Validation Rules applying under the New Rules are the rules and procedures in the document so entitled, issued by the Transporters and dated _____ (subject to amendment in accordance with that Section).

7.4 Meter Read Requirements

7.4.1 The requirements (for Meter Readings to be obtained and submitted) under the New Rules in Section M5.1 are effective on the basis set out in this paragraph 7.

7.4.2 The New Rules (as to estimation of Metered Volume) under Section M5.4 are effective:

- (a) in relation to Class 1 and 2 Supply Meters, as to Metered Volume for any Day on and after the Implementation Date;
- (b) in relation to Class 3 and 4 Supply Meters, as to Metered Volume for any period (as referred to in Section M5.4.2) ending on or after the Implementation Date.

7.4.3 The New Rules (as to cyclic Meter Readings in respect of Class 1 and Class 2 Supply Meters) under Sections M5.6 and M5.7 are effective [as to Meter Readings for which the Read Date is on or after the Implementation Date, subject to paragraphs [7.4.5(b) and 7.4.6].

7.4.4 The New Rules (as to cyclic Meter Readings in respect of Class 3 Supply Meters) under Section M5.8 are effective from the first time at which a User elects for Supply Meter Point to be in Class 3.

7.4.5 The New Rules under the following provisions:

- (a) Section M5.9 (as cyclic Meter Readings in respect of Class 4 Supply Meters), and
- (b) Section M5.10 (failure to obtain Meter Readings) and M5.12 (Check Reads) shall apply, with effect from the Implementation Date, so far as they are capable of so applying, in continuity of the equivalent provisions of Old Rules as they applied on the Last Pre-Nexus Day.

7.4.6 In accordance with paragraph [7.4.5]:

- (a) the Registered User of a Class 4 Supply Meter will be treated as having elected a monthly Meter Read Frequency for the purposes of Section M5.9.1(b)(ii) where (on the Last Pre-Nexus Day) such an election was in force under OR Section M[2.3.2(f)(ii)];
- (b) in relation to the first Meter Reading of a Class 4 Supply Meter on or after the Implementation Date, the minimum periods (since the Read Date of the preceding Valid Meter Reading) provided for in Section M5.9.2 shall run from Read Dates before the Implementation Date;
- (c) the requirements in Section M5.9.4 (as to percentages of Valid Meter Readings to be submitted within specified periods after Read Date) will apply on and after the Implementation Date in respect of Read Dates before the Implementation Date;
- (d) the requirements in Section M5.9.8 and M5.9.9 (as to frequency within which Valid Meter Readings are to be obtained, percentage of Relevant Supply Meters for which Valid Readings are to be obtained within a specified period, and maximum period from the last Read Date of the Read Date of a Monthly Read Meter) shall apply, on and from the Implementation Date, on the basis of the specified periods starting before the Implementation Date;
- (e) in relation to a Class 2 or 4 Supply Meter, until a Valid Meter Reading is submitted on or after the Implementation Date, the maximum periods provided for in Section M5.10.1 shall run from the Read Date of the last preceding Valid Meter Reading before the Implementation Date;
- (f) in relation to the first Check Read in respect of a Supply Meter on or after the Implementation Date, the maximum periods (since the Read Date of the last Check Read) provided for in Section M5.12.3 shall run from Read Dates before the Implementation Date.

7.4.7 Section M5.11 shall apply, on and with effect from the Implementation Date, in respect of any Day (including a Day before the Implementation Date) for which the Exit Close-Out Date is not earlier than the Implementation Date; and the equivalent Old Rules shall cease to apply accordingly.

7.5 Opening Meter Readings

7.5.1 The New Rules (as to the submission or estimation of Opening Meter Readings) in Section M5.13 apply only to Supply Point Confirmations submitted on or after the Implementation Date.

7.5.2 Accordingly, in relation to a Supply Point Confirmation submitted before the Implementation Date for a Proposed Supply Point Registration Date on or after the Implementation Date, the Old Rules (in OR Section M3.8) shall apply in relation to the submission or estimation of an Opening Meter Reading.

7.5.3 The New Rules (in Section M5.13.11) as to the carrying out of Offtake Reconciliations in respect of Opening Meter Readings apply in respect of any Opening Meter Reading submitted or estimated on or after the Implementation Date.

- 7.5.4 The requirements in Section M5.13.17 (as to percentage of Opening Meter Readings for SSP qualifying transfers to be submitted in a month) apply, in relation to the month starting on the Implementation Date, to Opening Meter Readings whether the Read Date is before or on or after the Implementation Date.

7.6 Class 1 Supply Meters - further provisions

- 7.6.1 The provisions of the New Rules in Section M6.2 (as to the installation or removal or Transporter Daily Read Equipment) apply in continuity of the provisions of the Old Rules in OR Section M4.1 so far as relating to Transporter Daily Read Equipment, and anything done pursuant to such Old Rules prior to the Implementation Date shall be treated as having been so done for the purposes of the New Rules.

7.7 Other provisions

- 7.7.1 The New Rules in Section M5.15 apply in respect of Daily Read Error Days on and from the Implementation Date..
- 7.7.2 The Old Rules in OR Section M6 (as to the percentage of Valid Meter Readings to be provided in respect of Supply Meters with User Daily Read Equipment) are effective in respect of Meter Readings for Read Dates until and including the Last Pre-Nexus Day and not later Days.

8 Section S

- 8.1 The New Rules under Section S apply in respect of Billing Periods from and including the Billing Period which starts on the Implementation Date.
- 8.2 Accordingly the Old Rules under Section S continue to apply in respect of Billing Periods up to and including the Billing Period which ends on the Last Pre-Nexus Date.

9 Miscellaneous

9.1 Section B

- 9.1.1 OR Section B4.7.12 has no effect in respect of Supply Point Ratchets in respect of Days on or after the Implementation Date (and accordingly ceases to be effect on a Gas Flow Day basis).

9.2 Section V

- 9.2.1 The Old Rules (as to the appointment and functions of the RbD Auditor and effect of its report) in Sections V9.5, V9.6 and V9.7 shall continue to apply:
- (a) in respect of the relevant period which is the Gas Year ending on the Last Pre-Nexus Date;
 - (b) in respect of the relevant period which is the Gas Year starting on the Implementation Date, in relation to the Aggregate NDM Reconciliation pursuant to paragraph 3.4.

Commentary will be provided at an appropriate point during assessment at Workgroup.

8 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance; and
- Progress to Workgroup assessment.